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C O N F I D E N T I A L SECTION 01 OF 03 LAGOS 000642

SIPDIS

SIPDIS

STATE FOR AF/W, INR/AA, DS/IP/AF, DS/ICI/PII, DS/DSS/OSAC
OSLO FOR HELENA SCHRADER
DOE FOR GPERSON, CAROLYN GAY
TREASURY FOR ASEVERENS, SRENENDER, DFIELDS
COMMERCE FOR KBURRESS
STATE PASS USTR FOR ASST USTR FLISER
STATE PASS TRANSPORTATION FOR MARAD
STATE PASS OPIC FOR ZHAN AND MSTUCKART
STATE PASS TDA FOR NCABOT
STATE PASS EXIM FOR JRICHTER
STATE PASS USAID FOR GWEYNAND AND SLAWAETZ

E.O. 12958: DECL: 09/21/2017
TAGS: [PGOV](#) [PREL](#) [ASEC](#) [NI](#)
SUBJECT: YAR'ADUA RELEASES EXCESS CRUDE FUNDS; SYLVA
PURSUES WOMEN'S EMPOWERMENT

REF: A. LAGOS 1076
[1](#)B. LAGOS 522

Classified By: Acting Consul General Donald McConnell for reasons 1.4 (B) and (D)

[1](#)1. (C) Summary: Bayelsa State received USD 64 million from the Federal excess crude account; the state rarely received allocations from the account under former President Obasanjo. Bayelsa Governor Timipre Sylva, an outsider foisted on the state from Abuja, is slowly working his way through government seeking the support of his deputy's cronies while pursuing women's empowerment projects for his own supporters. President Yar'Adua has requested sustainable development projects be brought to the Niger Delta; our interlocutor is working directly with state governments towards this end. End Summary.

GON Gives Bayelsa USD 64 Million
From Excess Crude Account

[1](#)2. (C) In August, Bayelsa State received 8 billion naira (approximately USD 64 million) from the Federal excess crude account according to Bayelsa State official Francis Sheen. Vice President Goodluck Jonathan left his successor, Bayelsa State Governor Timipre Sylva, a substantial deficit due to expenditures for the Bayelsa Partnership Initiative (BPI) (Ref A). Sheen said Sylva spent the excess crude funds on an ongoing five star hotel project, the Yenagoa hospital (a 70/30 public/private venture), and road construction. Former President Obasanjo did not release excess account funds to oil producing states, Sheen criticized. Despite this unexpected income, Sheen said Bayelsa and other oil producing states were financially suffering because their monthly derivation had dropped from naira 11 billion to naira 3.8

billion (approximately USD 30 million) due to a drop in oil production resulting from militant activity.

13. (C) During a September 17 meeting with Poloff, Sheen estimated that approximately 6,000 out of 20,000 Bayelsa State civil servants had not received their salaries since June. Sheen said the drop in state revenue and ongoing project costs meant state government could not afford to cover these salaries. He hypothesized it was merely the fear of cultism and retaliation that was "keeping civil servants in check."

Sylva: Not Favored by State PDP But
Given Until November to Prove Himself

14. (C) Timipre Sylva was nominated for the Bayelsa State Governorship because he was the Special Advisor to the Minister of State for Petroleum, Edmond Daukoru, Sheen posited. Bayelsa State People's Democratic Party (PDP) members threw their support behind former and current Deputy Governor Peremobowei Ebebi, a former cultist from the University of Port Harcourt. Among Ebebi's supporters are mid-level cultists and militants. (Note: Cults are gangs which once began at universities in Rivers State. End Note.)

15. (C) Sylva attempted to temper Ebebi's power base by requesting an Economic and Financial Crimes Commission (EFCC) investigation. Sheen called this a "bad move" but one which has not yet proven consequential. Sylva has garnered support from Ebebi's cultist/militant base through political appointments; this has either quieted the opposition or

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forced them to reckon with Ebebi, Sheen commented. Despite Sylva's overstep with the EFCC, Ebebi purportedly asked his supporters to give Sylva a chance in office. Sheen said the Bayelsa PDP was willing to give him 180 days to prove himself (until November 2007).

Sylva Favors Women's Empowerment Over BPI Projects

16. (C) In the run-up to the elections, Sylva found women to be his greatest support base. According to Sheen, the Governor is more comfortable pursuing women's empowerment programs than Former Governor Jonathan's development projects. Governor Sylva is replacing the Ministry of Women's Affairs with the Ministry of Gender Empowerment, headed by Commissioner Charlotte Allison John. Sheen will pursue a microfinance program called Women Empowerment Bayelsa State (WEBS) if Sylva does not support BPI-related initiatives. Sheen was hopeful Sylva would come to embrace broad-ranging development efforts as he becomes more comfortable with his administration and Ebebi.

17. (C) Sheen said the next Bayelsa State delegation to the U.S. would likely focus on microfinance opportunities and training for women. Sheen, who has long worked on the BPI and appears committed to sustainable development projects, hopes to interest Sylva in training programs designed for women, such as bathroom and kitchen tile work in the new housing units, thereby convincing Sylva women's empowerment tracks with current development efforts.

Yar'Adua Tasks Sheen on Sustainable
Development Projects in the Niger Delta

18. (C) Sheen said he was tasked by the Presidency to help bring sustainable development projects to Bayelsa, Delta, Edo, and Rivers states. He is currently working in Bayelsa to continue the BPI and with the Delta State Oil Producing

Areas Development Commission (DESOPADEC) in Delta State. Sheen said he is looking at housing, education, water, and electricity for sustainable development. Sheen expressed interest in rural telephony projects (Ref B) and the potential for investment among wealthy Bayelsans "who don't know what to do with their naira."

¶9. (C) The Bayelsa State Commissioner for housing purportedly agreed to purchase 5,000 portable housing units during a recent state delegation visit to the U.S. Sheen expected the Bayelsa State Accountant General to process the purchasing agreement by the end of September. (Note: The housing units would be purchased from Princeton Global in New Jersey. End Note.)

Bayelsa Politicos in Abuja

¶10. (C) Former President Olusegun Obasanjo will likely be removed from the PDP Board of Trustees at an upcoming convention, Sheen asserted. Sheen thought Obasanjo's removal would be attributed to uncontrolled cultism and militancy in the Niger Delta during his tenure. Sheen said he had wanted to believe Vice President Goodluck Jonathan was naive and innocent of the intrigues and corruption in Niger Delta politics when serving as governor. However, he was confident, after observing Jonathan in his role as Vice President, that Jonathan had become "intentional in faking

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his naivete" and has adopted a "very crooked life" in Abuja. (Note: He did not elaborate on this point. End Note.)

¶11. (C) Dr. Godknows Igali, former Secretary to the Bayelsa State Government, is still in Abuja hoping for a ministerial appointment he will never receive, Sheen said. Igali was well-connected with militants and negotiated the release of many hostages in 2006 and 2007. However, Sheen described Igali's efforts to "go after money" during these negotiations as a proverbial shot in the foot which has prevented him from receiving the high-level position he covets.

Comment

¶12. (C) That President Yar'Adua released the Federal excess crude account and has tasked Sheen and others to pursue sustainable development projects in the Niger Delta is promising. Sylva finds himself in a carefully choreographed dance with Ebebi; a misstep could prove fatal, although it appears he will proceed with caution. That he is interested in women's development is a welcome sign on which the USG should seek to engage him. End Comment.
MCCONNELL